

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT**

**NASHVILLE, TENNESSEE**

**July 18, 2000**

**IN RE:**

**APPLICATION OF CONCERT  
COMMUNICATIONS SALES LLC FOR  
APPROVAL OF CORPORATE  
REORGANIZATION INVOLVING  
TRANSFERS OF CONTROL**

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**DOCKET NO. 00-00238**

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**ORDER APPROVING TRANSFER OF AUTHORITY**

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This matter came before the Tennessee Regulatory Authority (the "Authority") on the Application of Concert Communications Sales LLC ("CCS"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services. This transfer will be part of a corporate reorganization in which the authority currently held by CCS to provide telecommunications services in Tennessee will be transferred to Concert USA, an affiliate of CCS, and CCS will be merged into Concert USA.

**Requirement of and Standards for Authority Approval**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113 provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113 also provides the standards by which the Authority shall consider an application for transfer of authority, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **The Application**

As stated in the Application, CCS is a limited liability company organized under the law of Delaware, with its principal offices in Reston, Virginia. CCS was formed by British Telecommunications plc ("BT") as an indirect wholly-owned subsidiary in 1999 to enable BT to provide intrastate services to multinational customers of the managed voice, data, and Internet services that BT provides on a global basis. On January 5, 2000, ultimate control of CCS was transferred from BT to a global joint venture called "Concert" in which BT and AT&T Corporation ("AT&T") each maintain a fifty (50) percent controlling interest. At the present time, CCS is a subsidiary of Concert B.V., a holding company in which AT&T and BT each maintain a fifty (50) percent controlling interest.

CCS was granted authority in Tennessee to provide resold intrastate services on October 26, 1999 in Authority Docket No. 99-00419. However, as of the date of the Application, CCS had not yet commenced providing service in Tennessee and had no customers in Tennessee.

Concert USA is a general partnership organized under the laws of Delaware, with its principal offices in Reston, Virginia. Concert USA was formed by Concert to provide managed voice, data, and Internet services in the United States to Concert's multinational customers. Concert USA is an indirect wholly-owned subsidiary of Concert B.V. and an affiliate of CCS.

As stated in the Application, the parties' proposed plan of reorganization consists of two stages. In the first stage, CCS's authorizations to provide utility services are to be transferred to Concert USA. This transfer will take place upon receipt of approval of this Application by the Authority. Concert USA will then operate as described in CCS's initial application, pursuant to the same tariff and operating authority and employing the same customer service operations. In the

second stage, CCS will be merged into Concert USA, with Concert USA remaining as the surviving entity. This merger will take place upon receipt of all approvals in all jurisdictions in which CCS holds a certificate of service.

The Application states that Concert USA possesses the financial, technical, and managerial qualifications to provide service as approved by the Authority for CCS's applications, due to its financial backing by BT and AT&T.

As further stated in the Application, the proposed transfer of authority from CCS to Concert USA will benefit customers because the reorganization will enable Concert to provide service to multinational customers in a more efficient and effective manner, in part by simplifying the contractual arrangements customers must enter into. Thus, according to the Application, the approval of the transfer of authority will serve the public interest.

### **Findings**

The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on April 25, 2000. Based upon careful consideration of the Application and the Exhibits thereto, and of the entire record of this matter, the Authority finds and concludes as follows:

1. That the Authority has jurisdiction over the subject matter of this Application pursuant to Tenn. Code Ann. § 65-4-113;
2. That CCS is a subsidiary of Concert B.V.;
3. That Concert USA is a subsidiary of Concert B.V.;
4. That CCS has been granted authority to provide telecommunications service in Tennessee;
5. That as part of a reorganization plan proposed by CCS, the authority granted CCS will be transferred to Concert USA;


6. That Concert USA has the suitability, financial responsibility, and capability to perform efficiently the utility service to be transferred to it; and


7. That the transfer of authority will benefit the consuming public.

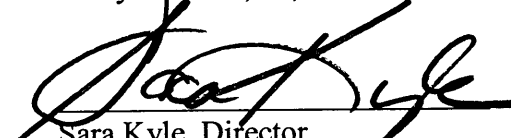
**IT IS THEREFORE ORDERED THAT:**

1. The Application of Concert Communication Sales LLC for approval of the transfer of authority described herein is granted; and

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.

  
Melvin J. Malone, Chairman

  
H. Lynn Greer, Jr., Director

  
Sara Kyle, Director

ATTEST:

  
K. David Waddell, Executive Secretary